

APPENDIX D

TROY CITY SCHOOLS

The 2002-2003 Academic, Financial, and Facilities Report

“In Pursuit of Excellence”



**THE 2002-2003
ACADEMIC, FINANCIAL,
AND FACILITIES REPORT,
FROM
THE TROY CITY SCHOOLS**
“In Pursuit of Excellence”

Greetings:

These are exciting times in the Troy City Schools. Student achievement continues to improve, the district enjoys a solid financial standing, and we are in the beginning stages of a study of our facilities. As a citizen of this community, you have a vested interest in this district's success, so it is important that we keep you informed.

As a public school we have two primary responsibilities to taxpayers. One is to provide quality educational programs for our students. The other is to responsibly manage the tax dollars you give to us. Later in this newsletter we will show you that we are performing well in both areas.

The facilities' study that we are currently undertaking will have ramifications for years to come. It is our duty to engage in this comprehensive evaluation of our aging buildings in an effort to determine what the future holds for them. To not do so at a time when other districts in the area are surpassing us in the area of facilities would be irresponsible.

Please read the following information carefully. If you have any questions, feel free to call the Board of Education at 332-6700. We will be glad to discuss any questions you may have in greater detail.

ACADEMIC GROWTH CONTINUES

During each of the last two years we have shared our performance on state academic expectations in a special mailing to the taxpayers of Troy. What follows is the latest academic information to be included in the district's 2003 State Report Card, published by the Ohio Department of Education (ODE).

We are pleased to have achieved 17 of the 22 standards considered most important by the state. This places us in the "Effective District" category, which is the highest rating we've earned since the state implemented its rating system.

Please carefully study the chart that follows. You will see that the district's overall academic achievement has steadily, and in some cases dramatically, improved since the 2000 report card was issued. In nearly every academic category, Troy's results far exceed the state average. This continual improvement is a result of the concentrated efforts of staff members, students, and parents alike.

	State's required standard	Troy's % for 2000 report card	Troy's % for 2001 report card	Troy's % for 2002 report card	Troy's % for 2003 report card	State Average %	+ (Improved) - (Didn't im- prove from 2002)	Did Troy meet 2003 state standard?	
4th grade proficiency tests									
Citizenship	75%	79.1%	71.2%	62.9%	78.1%	67.3%	+15.2%	YES	
Math	75%	47.8%	49.3%	57.4%	67.0%	62.7%	+9.6%	NO	
Reading	75%	63.9%	63.9%	60.8%	76.5%	67.1%	+15.7%	YES	
Writing	75%	58.1%	67.7%	82.3%	83.5%	80.3%	+1.2%	YES	
Science	75%	59.3%	54.2%	59.4%	75.0%	64.2%	+15.6%	YES	
6th grade proficiency tests									
Citizenship	75%	72.8%	76.6%	80.1%	79.0%	71.3%	-1.1%	YES	
Math	75%	53.0%	56.9%	62.0%	66.6%	61.6%	+4.6%	NO	
Reading	75%	52.7%	60.4%	68.0%	65.3%	58.1%	-2.7%	NO	
Writing	75%	79.3%	76.4%	82.6%	86.7%	87.1%	+4.1%	YES	
Science	75%	51.1%	61.5%	65.8%	69.6%	60.4%	+3.8%	NO	
9th grade proficiency tests									
Citizenship	75%	76.0%	82.2%	81.9%	90.5%	83.6%	+8.6%	YES	
Math	75%	76.2%	75.9%	76.8%	77.5%	73.2%	+0.7%	YES	
Reading	75%	88.6%	89.8%	91.9%	95.7%	91.2%	+3.8%	YES	
Writing	75%	91.9%	93.6%	93.4%	92.2%	89.5%	-1.2%	YES	
Science	75%	75.7%	82.2%	79.4%	82.2%	77.2%	+2.8%	YES	
9th grade proficiency tests (for 10th graders)									
Citizenship	85%	88.4%	89.0%	90.7%	93.4%	92.4%	+2.7%	YES	
Math	85%	83.9%	84.8%	87.4%	90.8%	85.2%	+3.4%	YES	
Reading	85%	95.1%	95.6%	96.1%	97.2%	96.3%	+1.1%	YES	
Writing	85%	96.1%	95.4%	95.9%	97.2%	95.8%	+1.3%	YES	
Science	85%	87.7%	87.8%	92.8%	92.0%	88.1%	-0.8%	YES	
12th grade proficiency tests									
Citizenship	N/A	62.6%	79.3%	79.0%	These	These	N/A	N/A	
Math	N/A	53.6%	72.1%	67.7%	tests	tests	N/A	N/A	
Reading	N/A	64.9%	75.9%	75.3%	no	no	N/A	N/A	
Writing	N/A	83.1%	90.4%	93.1%	longer	longer	N/A	N/A	
Science	N/A	57.3%	72.8%	73.9%	administered	administered	N/A	N/A	
Students Attendance %	93%	94.0%	94.5%	95.1%	94.7%	94.3%	-0.4	YES	
Graduation %	90%	78.2%	80.9%	79.2%	85.8%	82.6%	+6.6	NO	

Note: Percents refer to the percent of students being successful in each category. To put these percentages in perspective, one percent in Troy represents approximately three to four students. Data is that which was posted by the Ohio Department of Education on October 31, 2002.

This improvement has not been by accident. During each of the last four years, test results have been closely studied, weaknesses in student achievement, curriculum, and instruction have been identified, and improved teaching strategies and intervention programs have been implemented. The results are obvious. While we are pleased with our improvement, we are not content. We pledge to you continue to develop even better instructional and intervention practices based on student results in an effort to earn all twenty-two state standards.

The academic data that has been collected over these last four years has enabled us to perform meaningful evaluation of our instructional practices and to make improvements when necessary. Unfortunately, in response to President Bush's "No Child Left Behind" initiative, the state of Ohio may be forced to change the data by which schools will be judged in the future. For example, special education students and students who are new to the country and who may not speak English are supposed to be tested in the future and their scores are to be factored into districts' final testing results. This is a change in policy. If this change in reporting does take place, districts' results will undoubtedly be negatively impacted. This could well give the illusion that academic achievement has regressed when the real culprit may be nothing more than a change in reporting of test scores.

A new graduation test is also in our future. This test will be significantly more difficult than the ninth grade proficiency tests that we have been administering for the last few years, making the comparison of data impossible.

Regardless of what the future holds, however, the fact remains that our students' academic achievement has steadily improved, and we will continue to work towards excellence in all areas. We are very proud that we will be considered an "Effective District" on the 2003 State Report Card.

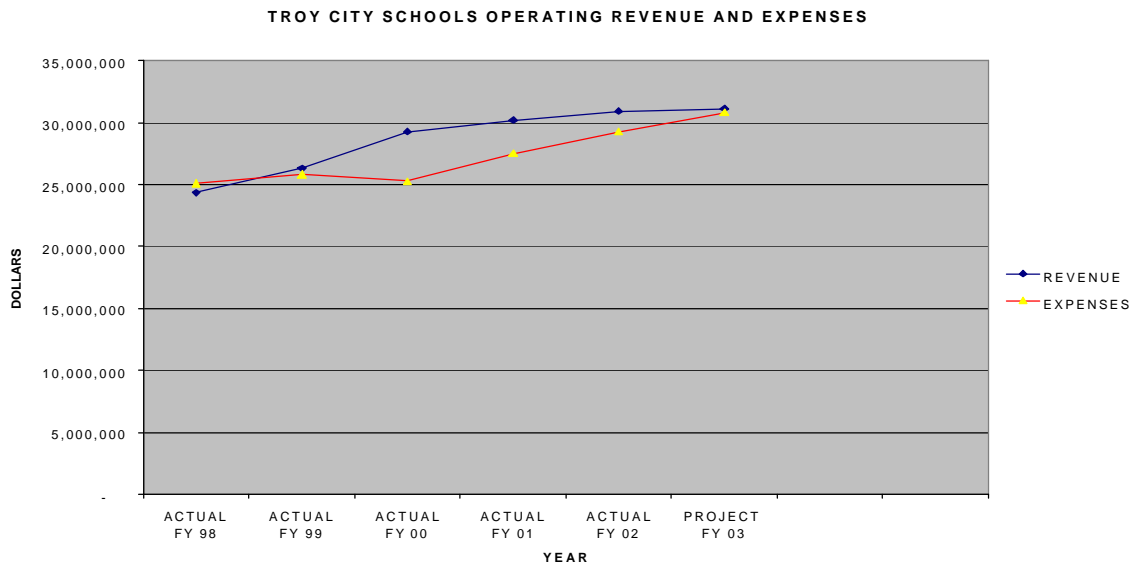
SCHOOLS FISCALLY SOUND FOR NEXT THREE YEARS... FUTURE LESS CLEAR

At the September 9, 2002, Board of Education meeting, Don Pence, Treasurer of Troy schools, presented to the board the district's Fiscal Year 2003 appropriations as well as the five-year financial plan, as required by law. While the intricacies of school finance and the volatility of our state's precarious financial position demand cautious optimism, Mr. Pence reported that the district currently enjoys a solid fiscal standing.

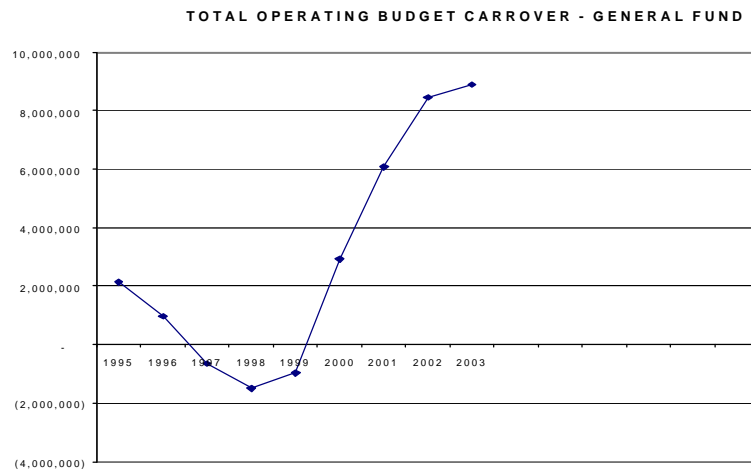
This year operating expenses are projected to be approximately \$31 million with revenues projected to be slightly more than \$32 million. Fiscal year 2003 will mark the fifth consecutive year that annual revenue exceeds projected expenses (see "Troy City Schools Operating Revenue and Expenses" graph below). So, despite unprecedented increases in health care, insurance, and special education costs the district, continues to be financially strong and should remain so for at least the next three years, assuming the following occurs...

- 1) The 5.9 mill, 5.8 mill and 4.5 mill operating levies (or dollars equivalent to the amount they generate) will be renewed with no interruption in revenue collections.
- 2) Replacement of the 1.1 mill permanent improvement levy, so general fund resources don't get diverted to fund capital maintenance needs.
- 3) There will be a continuation of the business taxes as currently legislated with no additional exemptions.
- 4) Funding from the state foundation will continue at the projected amounts for each of our students.
- 5) The Troy schools will maintain current levels of student enrollment.
- 6) The population of special needs students remains constant.
- 7) The cost of health care does not exceed projections.

- 8) Current inflationary trends will continue.
- 9) There will be no new unfunded mandates that require expenditure of resources designated to maintain operations.



Carefully monitoring our expenses over these last five years has enabled us to accumulate a healthy cash reserve as illustrated in the graph below. This reserve amounts to approximately four months of operating revenue.



The board is very cognizant of controlling costs while offering a solid academic product to our students. The table below shows just how responsible we are with your tax dollars. You can see that Troy's level of state foundation funding is less than similar districts and much less than the state average. At the same time, Trojans pay a significantly greater local share of educational costs than similar districts and the state average. The Troy schools educate students for approximately \$600 less per pupil than similar districts and nearly \$800 less per pupil than the

state average. With an enrollment of nearly 4,000 students, this amounts to a difference of between \$2 and \$3 million annually.

Of the per pupil dollars we do spend, the greater percentage goes for the instruction of students (64.6%), while less money is spent on administrative costs (9.8%) and building operations (17.5%). In other words, the bulk of your tax dollars goes towards instructing students, which is as it should be. Considering this financial data and the academic success of our students, Trojan taxpayers are indeed receiving a good return on their tax dollar investment.

EDUCATIONAL REVENUES AND EXPENDITURES PER PUPIL (TROY, SIMILAR DISTRICTS, AND STATE AVERAGE)

2001-2002		Amount for:			% of Total		
		TROY (\$)	SIMILAR DIST (\$)	STATE AVG. (\$)	YOUR DIST (%)	SIMILAR DIST (%)	STATE AVG. (%)
REVENUE SOURCES	Local Funds	4883	4533	3863.9	63.6	59.8	48
	State Funds	2525	2734	3705.9	32.9	36.1	46
	Federal Funds	274	312	485.3	3.6	4.1	6
EXPENDITURES	Administration	706	847	972	9.8	10.8	12
	Bldg. Operations	1265	1537	1538	17.5	19.6	19
	Staff Support	57	146	206	0.8	1.9	2.5
	Pupil Support	523	872	905	7.2	11.1	11.2
	Instruction	4664	4423	4473	64.6	56.5	55.3
	Total Exp.	7215	7826	8094			

Data taken from the Ohio Department of Education's District Trend Report on October 31, 2002.

Unfortunately, our optimism is tempered as we look further into the future. Using the data that is available to us at this time, the years beyond fiscal year 2005 do not look as good. Beginning in fiscal year 2004, expenses are expected to exceed revenue, a fact that we first mentioned in our Road to Fiscal Recovery Part II newsletter that we mailed to the taxpayers of Troy in 2000. This is illustrated in the "Troy Schools Operating Revenue and Expenses" graph on the previous page. Assuming that the expense and revenues rates stay constant with the past three years, it is obvious that expenses will exceed revenue in the years to come unless new revenue is generated.

This means that beginning in fiscal year 2004 the carryover balance that we have worked so hard to accumulate will have to begin supplementing annual revenue. You can see on the "Total Operating Budget Carryover - General Fund" graph how the cash balance begins to flatten out this year. The district is projected to reach a budget deficit in fiscal year 2007 unless the Ohio legislature does as it has been told by the Ohio Supreme Court and fixes school funding.

This is obviously a concern. But, does it mean that the schools are being mismanaged? Absolutely not! What it **does** mean is that the funding system implemented by the Ohio legislature is inadequate. How else can one explain the fact that 168 districts in Ohio had a levy (in some cases, more than one) on the ballot on November 5th? The state funding mechanism literally forces districts to repeatedly return to the voters for additional funds to operate, which is exactly why the Ohio Supreme Court has ordered it changed. Lawmakers have not obeyed this directive.

We are not ignoring this trend, however. We are maintaining our costs as much as possible while still trying to provide quality services for our students. For example, since our financial crunch of the late '90's...

- ◆ Many of the original \$1.6 million in cuts that were implemented during our crisis have not been reinstated allowing us to educate our students at a far lesser cost per pupil than similar districts and the state average.
- ◆ The pay-to-participate program continues to be in place to help defray costs associated with extra-curricular activities.
- ◆ As older staff members retire, inexperienced teachers are hired in their place in an effort to control payroll costs.
- ◆ In recent years, staff has accepted a smaller percentage of pay increase than many neighboring districts. While this bodes well for the district financially, the fact is that it has hurt us in attracting new staff in a competitive environment. For the last couple of years, this has come to light as we have lost talented staff to other districts that can offer more attractive financial packages.
- ◆ The district is working with employees to address rising health care costs, which are impacting the district, as they are all employers.
- ◆ Discretionary spending will be closely monitored, as it has been for the last several years.
- ◆ District representatives will continue to work in Columbus to bring attention to school funding concerns.

However, the fact remains that there are not enough excess expenses in the budget to make the cuts that would be necessary to eliminate this future deficit without devastating our educational programs. The legislature must address this issue.

TAKING CARE OF YOUR FACILITIES

During the last couple of years, the state of Ohio has earmarked tax dollars for the construction of new schools. Districts all around Ohio have begun evaluating their facilities, whether they are scheduled to receive this state assistance or not. In fact, several local districts have either just undertaken facility initiatives (Piqua, Newton, and Bradford) or are in the process of doing so (Miami East and Tipp City). In many cases, districts have received a significant percentage of the construction costs from the state (Bradford, for example). Others have received little or no assistance (Tipp City). The percentage of state assistance is determined by the district's local wealth.

The fact is that the Troy school's facilities are fast becoming some of the oldest in the area. Considering that our newest building, Troy Junior High, is thirty years old and other buildings are in excess of fifty years of age, it is our duty to evaluate their condition and determine the best course for future action. We are, after all, in a competitive environment, and to continue to attract quality families to our community, we must maintain standards equal to or better than others in our area. We owe it not only to our students, but to you, the taxpayer, to undertake this project. After all, this district is comprised of nearly \$65 million in facilities, and it is our duty to care for them to the greatest extent possible.

With this in mind, last June, school district personnel met with representatives of the community to begin discussing development of a long-range plan for the district's facilities. Follow-up meetings were held on October 10th and 11th. Their purpose was to solicit suggestions from as many constituents as possible about what to do with our aging buildings. An open invitation to all members of the community was extended to attend these meetings. So far, between fifty and one hundred residents have participated. We have received the following feedback as a result of these meetings:

1. Remaining status quo with the district's facilities is unacceptable.
2. Concerns to take into consideration include:
 - ◆ inadequate space
 - ◆ aging buildings and infrastructure
 - ◆ safety and security
3. Future decisions should result in:
 - ◆ building expansion/or replacement
 - ◆ community relations and support
 - ◆ building renovations
 - ◆ improved energy efficiency, infrastructure, and utilities
 - ◆ upgrades to science facilities
 - ◆ improved technology infrastructure

Suggestions have ranged from building new buildings to renovating and/or adding on to existing ones. We are in the preliminary stages of this discussion and much more community feedback will be solicited before any decisions are made. These buildings are, in fact, **your** buildings, and we intend to be responsive to community support.

When considering what to do with our facilities, a couple of important factors must be considered. These include:

- ◆ the state's contribution to any building project that we may consider would be approximately 17%. To put this in perspective, the Northmont schools are eligible for 40% contribution from the state. These numbers have a tendency to fluctuate as time progresses.
- ◆ it looks as if Troy would not be eligible to receive state dollars until at least 2008.

Stay tuned as discussions about our facilities continue in the months to come. Please consider participating in these discussions.